

**THE STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**DE 06-078**

**ORDER OF NOTICE**

On May 26, 2006, Public Service Company of New Hampshire (PSNH) filed testimony and schedules with the New Hampshire Public Utilities Commission (Commission) in support of a request for a decrease to the Company's Stranded Cost Recovery Charge (SCRC) rate effective on July 1, 2006. PSNH is requesting the Commission approve an adjustment to the SCRC rate for all customers. The rate adjustment would decrease the current overall average SCRC rate of 3.35 cents per kWh to 1.55 cents per kWh effective for all bills rendered on and after July 1, 2006.

The SCRC recovers cost categorized as "stranded" by New Hampshire restructuring law RSA 374-F and 369-B at a rate of approximately 3.4 cents per kWh. The 3.4 cents per kWh charge was agreed to in the Restructuring Settlement in DE 99-099 which defined what PSNH's stranded costs are and categorized them into three parts (Parts 1, 2 and 3). Part 1 costs are defined as stranded costs which have been securitized through the issuance of rate reduction bonds. Part 2 costs include "ongoing" costs consisting of the over-market value of energy purchases from independent power producers (IPP) and the up-front payments made for IPP buy-downs and buyouts previously approved by the Commission, and PSNH's share of the present value of the savings associated with these buy-downs and buy-out transactions. Part 3 non-securitized costs consist of costs previously deferred as regulatory assets on the books of PSNH.

PSNH's rate design proposal for recovering SCRC costs on and after July 1, 2006 is contained in the testimony of Stephen R. Hall filed April 12, 2006 in Docket No. DE 06-028. The proposal is driven by the estimated date on which Part 3 (non-securitized) costs will be fully recovered, which is projected to be the end of June 2006. This projection includes actual cost and revenue data through April 2006 and estimated data for May and June 2006. A final reconciliation of 2006 cost and revenue data will be filed in early May 2007.

The primary factor contributing to the accelerated recovery of Part 3 non-securitized costs was the sale of North Atlantic Energy Corporation's (NAEC) share of Seabrook Station in 2002. PSNH was credited with NAEC's share of the net proceeds, which in turn was used to accelerate the recovery of Part 3 stranded costs by approximately \$179 million.

The filing raises, inter alia, issues related to whether PSNH's estimates of costs, revenues and the estimated time frame for full collection of its Part 3 stranded costs are reasonable, how variations resulting from the final reconciliation of 2006 costs and revenues will be reflected in PSNH customers' bills, and whether PSNH's request for a decrease to the Company's Stranded Cost Recovery Charge (SCRC) rate effective July 1, 2006 is reasonable and consistent with the public interest.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a hearing, pursuant to N.H. Admin. Rules Jus 807.03, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 21, 2006, at 1:00 p.m., at which each party will provide its position with regard to the petition and any of the issues set forth in N.H. Code Admin. Rule Jus 807.03 shall be considered; and it is

**FURTHER ORDERED**, that PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 12, 2006, in a

newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 21, 2006; and it is

**FURTHER ORDERED**, that any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 19, 2006, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rules Jus 809.01 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before June 21, 2006; and it is

**FURTHER ORDERED**, that, pursuant to N.H. Code Admin Rules Jus 807.03(a)(5), each party has the right to have an attorney represent them at their own expense; and it is

**FURTHER ORDERED**, that, pending readoption of the Commission's procedural rules, N.H. Code Admin. Rules Puc 200, Jus 800 Model Rules of Practice and Procedure shall apply to this proceeding pursuant to RSA 541-A:30-a.

By order of the Public Utilities Commission of New Hampshire this seventh day  
of June, 2006.

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Debra A. Howland  
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event